

**MINUTES
of the
Joint Meeting
of the
State Transportation Commission
and the
Michigan Aeronautics Commission**

Thursday, March 30, 2006
Aeronautics Auditorium
2700 E. Airport Service Drive
Lansing, MI 48906
9:00 A.M.

STATE TRANSPORTATION COMMISSION

Members Present:

Ted B. Wahby, Chairman
Vincent J. Brennan, Commissioner
Maureen Miller Brosnan, Commissioner
James Scalici, Commissioner

Members Absent:

Linda Miller Atkinson, Vice Chair
James Rosendall, Commissioner

Also Present:

Frank Kelley, Commission Advisor
Patrick Isom, Legal Counsel

MICHIGAN AERONAUTICS COMMISSION

Members Present:

Terry Everman, Chairman
James Collins, Vice Chairman
Sidney Adams, Jr., Commissioner
Eric V. Smith, Commissioner
Joyce Woods, Commissioner
Mindy Koch, Commissioner
Kirk Steudle, Commissioner
Dan Atkinson, Commissioner

Members Absent:

Brig. Gen. Richard Elliott, Commissioner

Also Present:

Rob Abent, MAC Director
Barbara Burris, Executive Assistant

A list of all others present is attached to the official minutes.

I. OPENING REMARKS/INTRODUCTIONS

The Joint Meeting of the State Transportation Commission (STC) and the Michigan Aeronautics Commission (MAC) was called to order by State Transportation Commission Chairman Ted Wahby at 9:10 a.m. on Thursday, March 30, 2006. He welcomed the guests in attendance and the members of the Michigan Aeronautics Commission.

He asked the members of the State Transportation Commission to introduce themselves to the audience. State Transportation Commissioners proceeded with introductions as follows: Jim Scalici, Maureen Miller Brosnan, Vince Brennan, and Chairman Ted Wahby.

Chairman Wahby deferred to Chairman Everman. Chairman Everman also welcomed those in attendance. He recognized newly appointed Commissioner Joyce Woods. He asked the members of the Aeronautics Commission to introduce themselves.

Aeronautics Commission members proceeded through personal introductions as follows: Joyce Woods, Sidney Adams, Jim Collins, Eric V. Smith, and Chairman Terry Everman. Chairman Everman also noted the attendance of special guests Robert Hidley, Director of Aviation for the state of Oregon, and Mike Burrill, Chairman of the Oregon State Aviation Board. He welcomed them to the meeting.

Turning to the agenda for the joint meeting, Chairman Wahby called on MDOT Director Kirk Steudle for a report on the MDOT Strategic Plan.

II. PRESENTATIONS

MDOT Strategic Plan

MDOT Director Kirk Steudle's PowerPoint presentation is summarized as follows:

The Mission Statement of the Department of Transportation has recently been updated. The Mission Statement now reads: "Providing the highest quality integrated transportation services for economic benefit and improved quality of life." The word *integrated* has been inserted.

The Mission Statement basically has two main thrusts: *economic benefit* and *improved quality of life*. The word *integrated* is key, he indicated, because it anticipates a transportation system that is inclusive of all the different system users; it integrates all the different modes, all the different economic sectors, and the diversity of networks.

An integrated system is intelligent in its use of and response to advancing technologies, whether it's in aviation, advanced automotive, materials and construction, or maintenance and operation functions, and is socially and environmentally responsible. Director Steudle stressed that we need to make sure that what we are doing leaves a positive mark on the future.

The goals of the department must also address Michigan's international position. Michigan's economy is more closely tied to Ontario than it is to Arizona or Texas.

The department's *vision* under the Mission Statement is: "Understanding and meeting needs of the stakeholders; partnering with others; continually getting better; and an effective, efficient and outstanding workforce." Director Steudle pointed out that MDOT has an outstanding workforce, and our vision is to keep that outstanding workforce and make it as efficient as possible

In challenging times, transportation should always play an important role in improving Michigan's economy. We need to assist in reducing unemployment rates and out-migration and provide the backbone for economic activity. The Director noted that 26 to 28 percent of all land-based trade goes through Michigan to 26 other states. If Michigan's borders fail, the rest of the country will be impacted.

With those remarks as background, the Director proceeded to outline the *challenges* facing MDOT as relates to the different modes of transportation.

Aviation: First and foremost, to maintain the infrastructure of the 235 public-use airports across the state. Aviation contributes \$20 billion annually to Michigan's economy. Michigan's aviation infrastructure and its assets are vital and must be maintained. We need to make sure that the aviation infrastructure is in place, preserved and expanded where needed.

Another significant challenge to aviation is the federal reauthorization. The aviation reauthorization, Vision 100, expires at the end of 2007. Staff of the department, led by Aeronautics Commission Director Rob Abent, are taking a very proactive role in the aviation reauthorization process. Funding for capital improvement projects derives from a couple of funding sources. A small portion comes from the Detroit Metro parking tax. Another revenue source is the sale of Airport Safety and Protection (ASAP) bonds. Approximately \$36 million in ASAP bond projects will be let this summer. It will be a significant challenge to keep ASAP funding going into the future.

Funding levels from the Aviation Fuel Tax have remained unchanged since 1931. The tax amounts to .03 cents per gallon, of which 1-1/2 cents is rebated to scheduled air carriers. This will require our attention as well. Revenue is not keeping pace with the challenges facing aviation. (A chart representing the fluctuation in aviation fuel tax revenues over the past ten years was displayed.)

Transit: With respect to transit, MDOT is facing challenges relating to the long-term capital match. Currently, toll credits are being used to augment the Comprehensive Transportation Fund (CTF) appropriations and CTF bond revenues. Toll credits have limitations in terms of the amount available and a loss of buying power. The Governor's budget for 2007 significantly increases the CTF appropriations from \$16.4 million to \$27.3 million and restores that money. This will help to close the gap significantly.

Michigan is at the threshold of a new era in public transportation. \$114 million in federal funding has been earmarked for SAFETEA-LU regional and rapid transit services in Grand Rapids and for Ann Arbor to Detroit. We need to develop state/local funding strategies for matching that as well as addressing operating costs in the future.

MDOT has obligations under two new federal transit formula programs under SAFETEA-LU; *New Freedom* and *Job Access Reverse Commute* (JARC). Additional money in the Governor's budget will allow the department to pursue these programs further. A cut in staffing levels has severely hampered the department's ability to access those funds. The Governor's FY 07 budget addresses this by appropriating federal funds for staff restoration.

Highways: With respect to highways, there is a significant challenge to reduce fatalities on Michigan highways to 1.0 per 100 million vehicle miles traveled by 2008. We are approaching that goal already and could conceivably reach it by 2007.

The department continues to focus on ITS, Intelligent Transportation Systems, to help improve the safety and efficiency of our highway system. MDOT will continue to network with the automakers, communications companies and the automotive supply industry to implement Vehicle Infrastructure Integration (VII).

Asset Management: Asset management, which looks at all of the public's assets, is yet another significant challenge and a key component to managing our transportation system. The department will continue to work aggressively on asset management. A critical component of asset management is Capital Preventative Maintenance (CPM). The CPM program is integral to MDOT meeting its pavement goals and is a major focus in terms of maintenance. A central component of road structure is drainage. Culverts are deteriorating faster than we can react, and a significant amount of roadside maintenance is deferred because we are spending time and dollars reacting to emergencies, such as culvert failures. These have a detrimental impact on maintenance budgets.

Bridges: Bridge repair is yet another challenge for MDOT. On average, there are between 75 and 95 bridge hits per year, and it costs several million dollars to repair or replace damaged bridge members.

All of the afore-mentioned activities must occur within limited funding. Funding for transportation comes from gas and diesel fuel taxes and registration fees; but when the consumption of gas goes down, so goes the dollar value of the funding source. The Director highlighted the efforts taking place in Oregon, a state that is on the cutting edge with respect to alternative funding mechanisms. He related that two commissions have been set up under SAFETEA-LU to look at funding and what might be done in the future.

Limited funding has helped shift the focus to public-private partnerships as a means to supplement traditional transportation revenues. Public-private partnerships are commonly used in the transportation sector to build toll roads or transit facilities. In the most common form,

public-private partnerships involve a private firm that takes responsibility for financing, constructing, and operating a transportation facility. Michigan has engaged in public-private partnerships in the past but in limited ways. The department will continue to do due diligence and follow what's happening across the country with regard to public-private partnerships.

In November 2005, Governor Granholm announced an initiative called *Jobs Today, Jobs Tomorrow*, a program to accelerate \$618 million in spending for 158 critical road and bridge projects, carrying into 2007 and 2008, and create an additional 11,000 jobs. On March 7th of this year, the Governor announced the second part of that program, *Local Jobs Today*, a plan to advance another \$400 million in federal funding to local governments and generate 7,000 local jobs by creating a pool of funds that local agencies can borrow from to construct federally eligible or designated local projects.

Rail Freight: Another challenge for MDOT relates to rail freight. The department is working to ensure that the physical condition of the lines support existing levels of service and allow for an easy transition to private ownership. A number of lines were purchased by the state 10 to 20 years ago. MDOT is charged with getting those lines in operational status and returning them to the private sector. The MIRLAP program is a no-interest loan program developed to preserve the state's rail infrastructure. It has previously been the target of funding transfers, leaving the program with a shortfall of \$3.6 million. The Governor's budget for 2007 includes \$1 million for this program and will significantly aid the rail freight companies in Michigan.

MDOT's Local Grade Crossing Program evaluates crossings statewide and funds safety enhancements at crossings where enhancements will have the greatest impact for the motoring public. The program also funds safety enhancements at grade crossings and crossing locations targeted in a program to reduce grade crossings by 25 percent. The department is actively participating in this program. MDOT is also working on transitioning a grade separation loan program that has never been used into a smaller grant program focused on supporting the grade crossing eliminations that happen as a result of grade separations.

Rail Passenger: MDOT will continue to work toward maintaining reliable and consistent levels of rail passenger service in the state as part of a balanced passenger transportation system. Amtrak's Incremental Train Control System needs to be expanded to allow for higher speeds (95 mph+) over longer distances to decrease travel times and make train travel a more attractive option.

Other Modes: There are challenges for other modes of transportation. The Detroit-Wayne County Port Authority has received \$6.5 million under TEA-21. The department is working with that agency to design and develop a passenger dock in Detroit.

To increase the number of trips by bike and foot, there must be a connected system of nonmotorized facilities. This requires coordination with statewide, regional and local governmental agencies to expand and connect the systems. It will require a coordinated investment between the state, federal and local agencies to blend the various modes together.

MDOT will continue to look for new public-private opportunities for all modes of transportation.

Director Steudle concluded by stating that with the assistance and direction of the State Transportation and the Aeronautics Commission, the department can meet and surpass these challenges.

Michigan, he stated, is in a high-profile position due to the number and variety of tribes in the state. He called on Leon Hank, Chief Administrative Officer, to speak on the Tribal Affairs Program in Michigan.

Mr. Hank directed the Commissioners' attention to a two-page background paper provided prior to the meeting. His remarks are paraphrased as follows:

MDOT Tribal Affairs Program and Initiatives

The department has been engaged in a Tribal Affairs Program since 2001. There have been two Executive Directives, one issued by former Governor John Engler, in 2001, and one recently issued by Governor Jennifer Granholm, in 2004, that address tribal affairs and how the state of Michigan should interact with the tribes in Michigan. Mr. Hank described his role as liaison between the MDOT Tribal Affairs Coordinator and the Executive Office to make sure that the Executive Office is informed on all tribal issues, to make sure there are enough resources to carry on the work necessary, and to facilitate direct access to the Governor's Office on tribal issues.

Approximately 50,000 Michigan citizens make up the twelve federally recognized tribes that occupy seven regions of the state (five in the upper peninsula and seven in lower Michigan). The department has extensive contact with the twelve tribes regarding the various modes of transportation through a designated Tribal Coordinator and is exploring ways of working with them on issues of mutual interest. Mr. Hank proceeded through a series of slides.

Staff of the department are currently engaged in updating the State Long Range Plan. Representatives of the twelve tribes will participate in discussions on this process. Likewise, the department is involved in preparing Memorandums of Agreement with the twelve tribes, which will involve the Bureau of Indian Affairs (BIA).

He introduced Dr. David Ruggles, who heads up this work from the Planning Bureau, an archeologist by training and a former university professor with 25 years' experience in engineering and construction.

The report from Dr. Ruggles is paraphrased as follows:

As mentioned by Mr. Hank, the Tribal Affairs Program was conceived in 2001, under Governor Engler, and essentially laid out the relationship between the state and the tribes and recognized the sovereignty of the tribes as twelve separate governments. Likewise, it mandated that we deal

with those tribes on a government-to-government basis. Over the past five years, there have been substantive changes in the legislation and regulations as they relate to state-tribe relations.

SAFETEA-LU stipulates state-tribal consultation on the State Long Range Plan and other planning instruments. NEPA also has requirements for tribal consultations on concerns relating to the environment. 25 CFR 170 is the IRR Inventory regulation and stipulates state-tribe-BIA consultation on transportation planning and allows state trunklines to be included in the IRR inventory. Section 106 is the National Historic Preservation Act and requires consultation with the tribes with respect to archeological and traditional and cultural religious properties on and off reservations. Thus, there are many different touch points that have developed over time which are mandated legislative touch points. The net effect is to place the state in a proactive engagement posture with tribal governments and increased consultations.

Dr. Ruggles proceeded through a series of slides illustrating examples of projects and their funding mechanisms under federally mandated directives.

25 CFR Part 170 recently underwent changes. As a result, tribes can now include state trunklines in their inventories as long as there are agreements in place between the state and the tribes. Likewise, IRR funds can be expended on state highways or used as a state match for federal-aid projects.

Dr. Ruggles highlighted changes in the Indian Reservation Roads Inventory. The present national budget has increased from \$300 million to \$450 million, which constitutes a 50 percent increase in the SAFETEA-LU IRR transportation budget over the next five years. The MOAs are agreements wherein MDOT and the tribes and the BIA assess segments of state trunklines that meet inventory requirements to be included in the Indian Reservation Roads Inventory. This will be the foundation of their ability to consider those trunklines in developing their budgets and the distribution of dollars across the board nationally. In comparison to the national IRR budget, it appears that the Michigan tribes' annual budget will be improved by the inventory adjustments.

The bottom line, he stated, with respect to this incentive, is that this effects a revenue stream that can support our tribes with no impact to MDOT's ownership or MDOT's authority. In fact, IRR inventory funding can be also be used for access roads to airport facilities, et cetera. There are many different areas in which this funding may be applied by the tribes under these yet-to-be-executed agreements. The tribes have the same type of land use requirements as the Department of Transportation. Three MOAs have already been executed and more are anticipated. The agreements themselves do not identify the projects; they just say "you can include our roadways." If they want to do some work on our roadways or they want MDOT to do something, we would initiate a project accord and get into how that funding distribution should happen. Consultations have taken place with regard to the State Long Range Plan. This is a very important piece as regards both the tribes and the state and calls for cooperative planning. He indicated that some of the problems sustained in the past because of a lack of communication are starting to diminish.

With respect to the Scenic Byways Program, a change in the program will give access to that funding to the tribes through the application process. The department will assist in developing procedures to accomplish this. Government to government consultations in terms of frequency and formality will be developed to strengthen the relationship between the state and the tribes. He noted that part of what the department is trying to accomplish is to bring more revenue to the state and, at the same time, assist our tribes to participate in the national funding distribution.

Another aspect of this relationship involves state-tribe transportation conferences; one of which has been going on for a number of years and involves the BIA. The Grand Traverse band recently made a request to meet with the state and start working with them on this process. The department will continue to work on strengthening its relationship with the tribes. He turned the floor back over to Mr. Hank.

In closing remarks, Mr. Hank advised that the department would continue to work with the tribes on strategies to bring back a larger share of the pie to Michigan. Policies regarding the Tribal Affairs Program will be brought before the Transportation Commission, and potentially the Aeronautics Commission, as the need arises.

Director Steudle invited questions from the two Commissions. No questions were forthcoming.

Aeronautics Commission Chairman Everman thanked the speakers for their reports and called on Juan Zapata, Aviation Safety Specialist, for a briefing on the Aircraft Rescue and Fire Fighter Training Program.

Aircraft Rescue and Fire Fighting

The mobile Aircraft Rescue and Fire Fighting trainer, commonly known as the ARFF unit, is one of only a few in the country. It was obtained by the Bureau of Aeronautics in 1994, through a partnership between the FAA, the state, and the Michigan Association of Airport Executives. The FAA requires all scheduled air carrier airports that fly aircraft of more than nine seats to have training in aircraft rescue and fire fighting. The department has partnered with the Kellogg Community College to provide this training to Michigan's air carrier airports. Grants are awarded to the airports to offset the cost of this training.

Mr. Zapata introduced Mr. Joseph Teixeira, Fire Chief for the Air National Guard Base in Battle Creek and Assistant Fire Chief at the W.K. Kellogg Airport. Mr. Teixeira, he noted, has been running the program since 1997. Mr. Zapata advised that a live demonstration of the ARFF unit would be conducted on the ramp immediately following the joint meeting by staff of the Kellogg Community College and firefighters from the Capital Region Airport.

Mr. Teixeira proceeded through a series of slides depicting the progression of the program and the unit itself. All Part 139 airports in Michigan are serviced by this unit either annually or every other year. Larger general aviation airports also receive training with the unit. Michigan's trainer unit also goes out of state to service other states in the Great Lakes Region. (He noted

that the cost to the San Francisco Airport to send 40 airport firefighters to train in Salt Lake City was \$56,000.) All airports save by using a mobile training unit. Training out-of-state airports helps sustain the ARFF program. Michigan airports are scheduled first before the outstate airports.

Mr. Teixeira noted the many advantages to using the mobile trainer. Ninety percent of crashes occur at off-airport locations. Thus, training is provided to off-airport firefighters. Airports are allowed to use their own equipment, trucks and manpower, and firefighters work as a team with their fellow firefighters.

Mr. Teixeira shared a series of slides showing various training incidents. For years, the unit was stored outside and exposed to the elements. A new storage and maintenance building, financed through state and local program dollars, now houses the unit. In 2004, the last year with statistical data, over 900 firefighters were trained using the mobile training unit.

Mr. Zapata and Mr. Teixeira invited questions from the Commissioners. No questions were forthcoming.

Director Abent announced that a live demonstration would be held at the conclusion of the joint meeting.

At this juncture, STC Chairman Wahby invited comment from the public.

There being no requests for public comment, Chairman Wahby gaveled the meeting to a close.

The Joint Meeting of the State Transportation Commission and the Michigan Aeronautics Commission concluded at approximately 10:00 a.m.

Frank E. Kelley
Commission Advisor